

# City of Detroit

## CITY COUNCIL

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TO: Elizabeth A. Benson, General Manager  
Detroit Building Authority

FROM: Irvin Corley, Jr., Fiscal Analyst Director

DATE: May 2, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Pamela Scales, Budget Department Director  
Roger Short, Interim Chief Financial Officer  
Renee Short, Budget Department Team Leader  
Ron Chenault, Budget Department Team Leader  
Gloria Caliman, Head Accountant-DBA  
Kandia Milton, Mayor's Office

## **Detroit Building Authority**

### **FY 2006-07 Budget Analysis by the Fiscal Analysis Division**

#### **Detroit Building Authority Summary**

The City of Detroit Building Authority was created by the city under the provisions of Act 31, Public Act of Michigan of 1948, as amended. The Authority was incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining city buildings (including but not limited to health and public safety facilities), automobile parking lots or structures (independently or adjunct to other buildings) and recreational facilities.

The Authority is authorized, by statute, to issue bonds to finance its activities. The bond principal and interest are to be paid, among other sources, through cash rental payments made by the city to the Authority. The city leases the facilities under a Full Faith and Credit General Obligation Contract of Lease with the Authority. When all bonds issued by the Authority have been retired, titles to several of the facilities are to be conveyed to the city.

The Authority generates its funding by charging an administrative fee, a percentage of each project and it is included in the project contract and project budget between the DBA and the city. Since the DBA staff are appointed by the Mayor and are quasi-city employees, they appear in the Non-Departmental budget in Appropriation 00277 - Detroit Building Authority. The appropriation budgeted for employee salaries and benefits is 100% revenue offset to the General Fund. The recommended budget is \$1.04 million for this appropriation for FY 2006-07 (see attached).

#### **Special Commercial Area Maintenance Summary**

A second aspect of the DBA had been the Special Area Maintenance (SAM) Program. The DBA committed to "beautify" several commercial areas throughout the city with special lighting, landscaping, etc.

Initially, the SAM program was funded with tax levy as authorized under P.A. 31 (of 1948) and the 1980 agreement between the City of Detroit and the Detroit Medical Center Corporation (DMCC) with respect to the operation of Detroit Receiving Hospital. The debt on the Detroit Receiving Hospital bonds was retired during FY 1993-94 and the DBA ceased being a taxing authority beginning July 1, 1994. After that, the only remaining revenue stream for SAM was the collection of prior years delinquent taxes. In FY 1999-00, due to a lack of funds to maintain the SAM program, the Administration developed an exit strategy. The exit strategy to "wind down the SAM Program", includes the removal of special light fixtures and decorative pavement bricks in the SAM areas concluded in the 2004-05 FY.

In the recommended 2005-06 FY Budget, the SAM budget was eliminated, since the last of the fixtures in the last five areas left of the formerly 19 SAM areas were dismantled in the 2004-05 FY.

#### **Issues and Questions**

In the 2006-07 FY, the DBA budget is increased by \$212,910. The increase is due to an \$86,000 increase in salary & wages, a \$122,000 increase in employee benefits due



to the restoration of the salary levels in the DBA prior to the Mayor's Citywide 2005-06 10% salary cut; and other small increases in other expenses and fixed charges.

The list of major projects the DBA expects to administer during 2006-07, are listed at bottom of page 35-23 of the Executive Budget.

The DBA-Administrative Fund had a beginning year deficit of \$66,000 at July 1, 2005.

- What are the DBA-Administrative Fund Expenditures and Revenue for the fiscal year ended June 30, 2005?
- What is the surplus/deficit for the DBA-Administrative Fund for the fiscal year ended June 30, 2005?

**Pg 35-24 Performance Measure- Outputs: Units of Activity directed toward Goals**

	2003-04 Actual	2004-05 Actual	2005-06 Projected	2006-07 Target
Percent of dollars awarded to Detroit based, Detroit headquartered businesses	N/A	75%	95%	95%

- Did the DBA meet the 20% increase in the objective listed above in the current (2005-06)? If not, how will the department meet it in the upcoming (2006-07) fiscal year?

**Pg 35-24 Performance Measure- Efficiency: Units of Activity directed toward Goals**

	2003-04 Actual	2004-05 Actual	2005-06 Projected	2006-07 Target
Percent of DBA projects using new guidelines	N/A	50%	50%	65%

- How does the DBA propose it will increase the percent of projects using new guidelines by 15% in the 2006-07 FY?

	2003-04 Actual	2004-05 Actual	2005-06 Projected	2006-07 Target
Percent of construction contracts reviewed for labor conflicts	N/A	100%	100%	85%

- Why does the target above (contracts reviewed for labor conflicts) *decrease* by 15% in the 2006-07 FY?

IC:DH

Attachment



## NON-DEPARTMENTAL (35)

### *DETROIT BUILDING AUTHORITY ACTIVITY INFORMATION*

#### ACTIVITY DESCRIPTION: DETROIT BUILDING AUTHORITY

The Detroit Building Authority (DBA) is primarily responsible for administering capital projects from start to completion in accordance with the Mayor's strategic priorities. Critical functions include encumbering funds through contracts of lease; distributing bid documents and request for proposals; issuing contract awards; securing required Human Rights Clearances; advising contractors of Executive Orders 2003-3, 2003-4 and 2003-5 requirements; preparation and execution of all contract documents; review and approval of contract invoices; actual payment to vendors; monitoring design development and construction for each capital project managed by the DBA. Funds are made available from city departments' capital improvement budgets as a result of bond sales, capital grants or general funds.

#### GOALS:

1. Improve public health through development of City facilities to create a healthier environment for employees and citizens to grow Detroit.
2. Comply with ADA requirements for City departments/citizens
3. Improve business climate by attracting and utilizing Detroit based Detroit headquartered businesses.

#### MAJOR INITIATIVES FOR FY 2005-06 and FY 2006-07:

- Web based program management/project management is a software tool used to manage multiple projects or single projects in real time. This software allows the user to quickly assess the current status of multiple projects or a single project, to review budgets between project types or locations, to review pictures of the project, to document and exchange information between project members. This tool will help to provide a single source for the deposit of project information. This tool can also eliminate redundant work processes thereby, providing more efficient use of staff time. Other activities managed by software include: payment approval process, project milestone and schedule tracking, centralized access to information 24/7, reduce cycle time for decisions and approvals, project scheduling, project reporting, cost tracking, and archiving.
- Continue to implement a DBA pilot program utilizing nationally recognized guidelines to maintain facilities as capital asset. This methodology known as "Facilities Asset Management" establishes a systematic process for maintaining, upgrading, and operating facilities.
- Contractor Outreach Workshop.

#### PLANNING FOR THE FUTURE FOR FY 2006-07, FY 2007-08 and BEYOND:

The Detroit Building Authority is working with city departments to Grow Detroit through the implementation of city departments' capital projects. The development of capital projects for city departments can be long and time consuming. It is important to quickly begin this process for any given project to maximize progress/completion in a timely manner. To the extent possible, Master Plans should be shared with the DBA as soon as possible, even if the funds are not yet available. The longest process is not the construction, rather, it is the financial process required to fund a project.

Major projects the DBA expects during the fiscal year include the following:

Police Department.....New Forensic Laboratory  
Recreation Department.....Heilmann Recreation Center (ongoing)  
Detroit Institute of Arts.....Master Plan Project (ongoing)  
Zoological Institute.....Belle Isle Nature Zoo Project (ongoing)  
Civic Center Department.....Various Cobo Center Renovations (ongoing)  
Historical Department.....Historic Fort Wayne Renovations (ongoing)  
Historical Department ..... Design Development Plans for Expansion (ongoing)



## NON-DEPARTMENTAL (35)

### DETROIT BUILDING AUTHORITY MEASURES AND TARGETS

Type of Performance Measure:	2003-04	2004-05	2005-06	2006-07
List of Measures	Actual	Actual	Projection	Target
<b>Outputs: Units of Activity directed toward Goals</b>				
Percent completion of facilities projects	N/A	75%	100%	100%
Percent in ADA compliance	N/A	100%	100%	100%
Percent of dollars awarded to Detroit-based, Detroit Headquartered Business	N/A	75%	95%	95%
<b>Efficiency: Program Costs related to Units of Activity</b>				
Percent of DBA projects using new guidelines	N/A	50%	50%	65%
Percent of construction contracts reviewed for labor conflicts	N/A	100%	100%	85%
<b>Activity Costs</b>	<b>\$0</b>	<b>\$869,640</b>	<b>\$829,404</b>	<b>\$1,042,314</b>

**CITY OF DETROIT**  
**Non Departmental**  
**Financial Detail by Appropriation and Organization**

Detroit Building Authority Detroit Building Authority	2005-06 Redbook		2006-07 Dept Final Request		2006-07 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00277 - Detroit Building Authority						
350310 - Detroit Building Authority	9	\$829,404	9	\$1,102,721	9	\$1,042,314
<b>APPROPRIATION TOTAL</b>	<b>9</b>	<b>\$829,404</b>	<b>9</b>	<b>\$1,102,721</b>	<b>9</b>	<b>\$1,042,314</b>
<b>ACTIVITY TOTAL</b>	<b>9</b>	<b>\$829,404</b>	<b>9</b>	<b>\$1,102,721</b>	<b>9</b>	<b>\$1,042,314</b>



**CITY OF DETROIT**  
**Budget Development for FY 2006-2007**  
**Appropriations - Summary Objects**

	2005-06 Redbook	2006-07 Dept Final Request	2006-07 Mayor's Budget Rec
<b>AC1535 - Detroit Building Authority</b>			
<i>A35000 - Non-Departmental</i>			
SALWAGESL - Salary & Wages	485,288	572,197	572,197
EMPBENESL - Employee Benefi	294,116	480,524	416,469
OPERSVCSL - Operating Service	50,000	50,000	50,000
OTHEXPSSL - Other Expenses	0	0	1,450
FIXEDCHGSL - Fixed Charges	0	0	2,198
<i>A35000 - Non-Departmental</i>	829,404	1,102,721	1,042,314
<b>AC1535 - Detroit Building Authority</b>	<b>829,404</b>	<b>1,102,721</b>	<b>1,042,314</b>
<b>Grand Total</b>	<b>829,404</b>	<b>1,102,721</b>	<b>1,042,314</b>



**CITY OF DETROIT**  
**MAYOR'S 2006/2007 RECOMMENDED BUDGET**

**Non-Departmental**

Appropriation Organization Classification	REDBOOK FY 2005 2006 FTE	DEPT REQUEST FY 2006 2007	MAYORS FY 2006 2007 FTE
<b>00276 - Greater Detroit Resource Recovery Au</b>			
<b>350300 - Grt Det Resource Recovery Authorit</b>			
Director - GDRRA	1	1	1
Admin Asst GD III - GDRRA	1	1	1
Head Acct & Office Mgr - GDRRA	1	1	1
Admin Asst GD II - GDRRA	2	2	2
Admin Asst GD I - GDRRA	2	2	2
Sr Gov Analyst - GDRRA	1	1	1
Secretary III - GDRRA	1	1	1
Staff Secretary - GDRRA	2	2	2
<b>Total Grt Det Resource Recovery Authority</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Total Greater Detroit Resource Recovery Autl</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>00277 - Detroit Building Authority</b>			
<b>350310 - Detroit Building Authority</b>			
Director - DBA	1	1	1
Supt Capital Projects - DBA	1	1	1
Spec Area Maint Proj Supt-DBA	2	2	2
Head Accountant - DBA	1	1	1
Manager II -Project Management	1	0	0
Senior Accountant - DBA	1	1	1
Secretary III - DBA	1	1	1
Senior Stenographer - DBA	1	1	1
Principal Gov Analyst - DBA	0	1	1
<b>Total Detroit Building Authority</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total Detroit Building Authority</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>00972 - Cable Communications Commission</b>			
<b>350330 - Cable Commission</b>			
Director - Cable Commission	1	1	1
Deputy Dir - Cable Commission	1	1	1
Tele Contract & Comp Mgr-DCC	1	1	1
Comm Spec III - Detroit CCC	4	4	4
Communications Spec I - Cable	1	1	1